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Malaysia

Market Development Reports

North of Peninsular Malaysia

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Report Highlights:

Penang and Kedah states are located in the north of Peninsular Malaysia. Both states are still feeling the effects of the 1997 economic crisis. Sales of imported food/fruits products are still slow. However, hotel businesses in Penang have improved with occupancy rate averaging about 60%. Despite the economic situation, supermarket managers and importers are still interested to increase their product range such as wine, cheeses, salad dressings/sources, dried fruits and nuts.

Includes PSD changes: No
Includes Trade Matrix: No
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Market in General

Both the states are located in the north of the Peninsular Malaysia. The Chinese are the major consumers in the Penang Island, while the purchasing habit of the Penang mainland and Kedah is determined by the Malays. There is a small community of expatriates residing in the Penang Island due to the presence of multinational companies in the Bayan Lepas Free Trade Zone. Both the states are still feeling the effects of the economic crisis, which occurred in 1997. While hotel businesses in Penang are reported to be improving with occupancy rate averaging about 60%, food/fruits importers and supermarkets are still complaining of slow sales. Businesses peaked during the year-end Christmas and Ramadhan festive period and took a decline after the Chinese New Year season (end of January). Being price-driven markets, and with population consisting mainly of the middle to lower classes, consumers are looking for value-for-money deals.

Supermarkets/Grocery

Sui Wah group (7 outlets), Super Komtar (2 outlets), Giant (1 outlet and another to be opened by end of this year under the name of Cold Storage) and Tops (3 outlets) are the four main supermarkets in the Penang Island. These supermarket chains have outlets in various locations in the city such as in the residential areas or up-market areas, targeting different group of consumers. The local chains such The Sui Wah group and Super Komtar are reported to be doing very well and are frequented by the locals. Super Komtar was rated among the top five during last year's Malaysia nationwide mega sales, organized by the Malaysian Tourism Board.

Most supermarkets in Penang carry about 95% local products. However, in outlets that are located in the up-market area such as Midlands and Tanjung Bungah, opportunities for sales of imported food products exist. Supermarket managers are interested to increase the range of imported items. Products such as wines, cheeses, salad dressings/sauces are top on the list.

In Alor Setar, most of the supermarkets are made up of local chains. The range of imported grocery items available is limited as these supermarkets cater mainly for the local consumers.

Dried Fruits and Nuts

According to a major dried fruit importer, sales of dried fruits and nuts have been quite stable. The demand for bakery items has been constant, especially with the proliferation of bakery shops. Most of the dried fruit and nuts in the market are from Middle East and USA. Dried fruit and nuts from the Middle East have been making significant inroads into the market. Competitive pricing is the winning formula. Prunes and pistachios from US have been quite popular among the consumers. The sales of pistachios have been enhanced by the recent Chinese New Year season, where the Chinese consumers regard pistachios as a "happy" nut. The newly introduced golden raisins (Sunmaid) have also gain acceptance among consumers. With new packaging and promotional support from the US principal, sales of Sunmaid raisins are seeing a steady increase.

Fresh Fruits/Vegetables

Fresh fruits from Australia, South Africa, China and France are flooding the markets. Sunkist oranges and California Table grapes are still maintaining popularity among consumers. However, Mandarin oranges from China are the preferred choice over the Sunkist oranges during the Chinese New Year period. Fuji apples from China have been labeled as the 'best seller'. However, in smaller towns and outskirts of Alor Setar (the city of Kedah), Washington apples are still the first choice for the Malay consumers. This is because of the brand name that has been established among the rural folks. The Granny Smith apples from California are gaining popularity among consumers. Most of the Granny Smith apples are for juicing purposes. In 1998, a major fresh fruit importer predicted that China would be a major supplier of fresh fruits in the market within the next five years. The market has seen the domination of China Fuji apples and pears since then. The trade firmly believes that the next major stronghold from China would be oranges and grapes. It does seem like the prophecy is coming to pass. According to another fresh fruit importer, three years ago, 30% of his supplies were from China and presently, his cold room holds about 60-70% of imported fruits from China.

Imported vegetables such as celery, carrots and broccoli come from Australia due to its close location to Malaysia. There is a small quantity of carrots imported from USA.

End of Report